

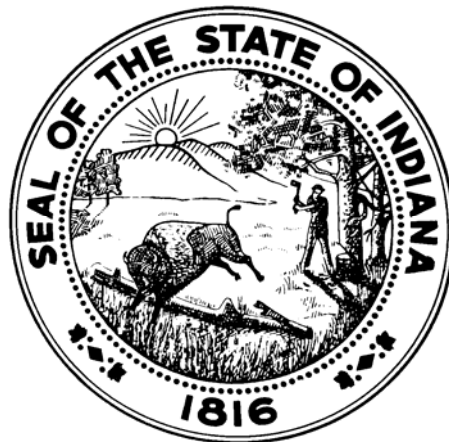
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

AUDIT REPORT

OF

HENDRICKS COUNTY OFFICE OF FAMILY AND CHILDREN  
FAMILY AND SOCIAL SERVICES ADMINISTRATION

January 1, 2003 to December 31, 2003





## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
SDO Fund Reconciliations.....	4
SDO Advance .....	4
SDO Fund Internal Controls .....	4
Adoption Trust Clearance Cash Internal Controls .....	4
Use of Prescribed or Approved Forms .....	5
Disbursement Documentation .....	5
Late Charges .....	5
Daily Deposits .....	5
Exit Conference .....	6
Official Response .....	7-8

## OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Acting Director	Mr. Tim Miller	01-01-03 to 07-11-03
County Director	Mrs. Char Burkett-Sims	07-14-03 to 12-31-04
Secretary Family and Social Services Administration	Mr. John Hamilton	07-01-01 to 09-30-03
	Ms. Mary DePrez (Acting)	10-01-03 to 10-19-03
	Ms. Cheryl Sullivan	10-20-03 to 01-10-05



# STATE OF INDIANA

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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF HENDRICKS COUNTY OFFICE OF FAMILY AND CHILDREN

We have audited the records of the Hendricks County Office of Family and Children for the period from January 1, 2003, to December 31, 2003, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Comprehensive Annual Report of the State of Indiana.

STATE BOARD OF ACCOUNTS

June 8, 2004

HENDRICKS COUNTY OFFICE OF FAMILY AND CHILDREN  
FAMILY AND SOCIAL SERVICES ADMINISTRATION  
AUDIT RESULTS AND COMMENTS  
December 31, 2003

SDO FUND RECONCILIATIONS

The Hendricks County Office of Family and Children has not performed reconciliations of its Special Disbursing Officer (SDO) advance in a timely manner.

Two reconciliations must be performed for the SDO fund each month. The bank statement for the checking account must be reconciled to the check register. Also, the check register must be balanced to the total SDO advance. These reconciliations must be formally documented. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

SDO ADVANCE

The Hendricks County Office of Family and Children would take an average of 5.6 months before it would spend the entire Special Disbursing Officer Fund (SDO) advance made to it.

If a SDO advance is not used within one or two months then the SDO advance is too large and should be reduced. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

SDO FUND INTERNAL CONTROLS

Vouchers for the SDO Fund were not prepared for up to six months after purchases were made.

Each agency, department, institution or office should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

ADOPTION TRUST CLEARANCE CASH INTERNAL CONTROLS

We noted that the office has cash on hand from the Adoption Trust Clearance Fund. This cash fund was not set up nor managed as a petty cash fund. Instead, the local office would periodically request that the County Auditor disburse, out of the County's Adoption Trust Clearance Fund, an amount that the Hendricks County Office of Family and Children would keep in cash at the local office. This cash would be spent by an employee of the Hendricks County Office of Family and Children, for the benefit of clients.

Each agency, department, institution or office should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are part of an internal control system. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

HENDRICKS COUNTY OFFICE OF FAMILY AND CHILDREN  
FAMILY AND SOCIAL SERVICES ADMINISTRATION  
AUDIT RESULTS AND COMMENTS  
December 31, 2003  
(Continued)

USE OF PRESCRIBED OR APPROVED FORMS

We noted that the Hendricks County Office of Family and Children does not use State Form 37 as a receipt for collections. Instead, a receipt is prepared on the office letterhead when a payment is collected in person and given to the payee. The bookkeeper then prepares an official receipt at a later time and mails it to the payee. When a payment is received by mail, the bookkeeper prepares an official receipt for the collection before it is deposited with the County. A copy of the official receipt is then mailed to the payee.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed or approved. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 15)

DISBURSEMENT DOCUMENTATION

Some disbursements made from the Adoption Trust Clearance Petty Cash Fund did not contain adequate supporting documentation. Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Supporting documentation such as receipts, cancelled checks, invoices, bills, contracts, etc., must be made available for audit to provide supporting information for the validity and accountability of monies received or disbursed. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

LATE CHARGES

Late fees and charges were paid from the SDO account to vendors and suppliers of goods and services, for payments made several months after the invoice dates.

Officials and employees have the duty to pay claims, remit taxes, etc., in a timely fashion. Any penalties, interest or other charges paid by the governmental unit may be the obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 5)

DAILY DEPOSITS

The Hendricks County Office of Family and Children did not consistently deposit collections by the following business day with the County Treasurer.

IC 5-13-6-1 requires that all public funds be deposited not later than the business day following the receipt of the funds.

HENDRICKS COUNTY OFFICE OF FAMILY AND CHILDREN  
FAMILY AND SOCIAL SERVICES ADMINISTRATION  
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2004, with Char Burkett-Sims, Director. The official response has been made a part of this report and may be found on Pages 7 and 8.





"People  
helping people  
help  
themselves"

Joseph Kernan, Governor  
State of Indiana

*Division of Family and Children*  
*Hendricks County Office*  
6781 E. US 36, Suite 200  
Avon, IN 46123  
317-272-4917  
FAX: 317-272-6141

Cheryl Sullivan, Secretary

September 2, 2004

State Board of Accounts  
302 W. Washington Street  
Room E 418  
Indianapolis, IN 46204

**RE: OFFICIAL RESPONSE**  
to Hendricks County OFC Audit

Dear Audit Staff:

There were a total of nine findings that were presented during the exit conference of August 2, 2004. I accept these findings and have taken immediate steps to rectify these issues. The following is a list by subject area of the corrective active measures that have been and will be performed to address the findings:

**SDO FUND RECONCILIATIONS:**

Beginning June, 2004 the bank statement is reconciled with the check register monthly. The check register is balanced monthly to the amount of the SDO advance total. This reconciliation is performed using the SDO reconciliation form which has been approved by State Board of Accounts auditors.

**DAILY DEPOSITS:**

Funds received within a 24 hour period by the Local Office that total \$200 or more are deposited with the County Treasurer within 24 hours. Funds received within a 24 hour period in an amount less than \$100 are deposited within a reasonable amount of time, not exceed 2 business days. Deposits on hand will not exceed \$200. This practice was started August, 2004.

**USE OF PRESCRIBED OR APPROVED FORMS:**

Beginning at time of the audit, State Form 929 is the only form used for to receipt collections. This form is completed at the time the collection is received. If the collection is hand delivered to the office a receipt is prepared immediately and provided to the person delivering the funds. If the funds are received by mail, the receipt form is mailed to the payee. Copies of all receipts are retained in office.

**SALES TAX:**

Hendricks County Office of Family and Children staff members were apprised that the State Form ST-105, Indiana General Sales Tax Exemption Certificate, is to be used for all purchases made on behalf of the office. Where the business establishment does not accept the exemption and taxes are paid, the expenditure attributed to taxation will not be reimbursed.

**LATE CHARGES:** As of June, 2004 all invoices from vendors paid from the SDO account are paid no later than 30 days from receipt. The timely payment of vendors will prevent the accrual of late charges.

**DISBURSEMENT DOCUMENTATION:**

A new procedure was implemented and distributed to staff in June, 2004 which requires advance approval of the Director or Supervisor to make a purchase or obligate funds from the Adoption Trust clearance Petty Cash Fund account. The claim form or receipts must be accompanied by supporting documentation which lists the purpose of the expense and where applicable the name of individual for whom money was used.

**SDO INTERNAL CONTROLS:**

Beginning June, 2004 vouchers for SDO reimbursement are prepared and submitted on a monthly basis.

**SDO ADVANCE:**

Office expenditures from this account have increased within the last 60 days. The Director will monitor the on-going use of the account for the next few months and make appropriate adjustments by January 31, 2005.

**ADOPTION TRUST CLEARANCE CASH INTERNAL CONTROLS:**

Once the funds on hand are depleted, there will no longer be a petty cash fund maintained to provide upfront payment of expenses associated with wards such as meals when the ward is in transit with the worker. All allowable expenditures will be reimbursed from this or other appropriate accounts.

If you have any questions or concerns, please feel free to contact me at 317-272-4917.

Sincerely,



Char Burkett-Sims  
Director

CC: Gil Smith, West Central Regional Manager

